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Director of Central Intelligence

16 July 1948

Assistant Director for R. & E.

Expansion of Communist-controlled commercial air services.

1. Communist interests are apparently succeeding in establishing and expanding commercial air operations outside the territory of Soviet-controlled States. Czechoslovak Airlines (CSA), whose declared ambition is to extend its Mediterranean services to South Africa and India through the Middle East, has stepped up its operations very considerably in the past two months and now maintains scheduled operations to Istanbul and Cairo with daily flights to Haifa in addition to numerous non-scheduled cargo flights. In Northern Europe, Czechoslovakia has concluded a formal air agreement with Norway similar to these made with the US and other countries.

2. US informal suggestions to Turkey and Greece that CSA's operations through their territory be reduced or terminated have been politely rejected on the grounds that the future of important trade agreements now in effect between these countries and Czechoslovakia, might be jeopardized. Consequently, CSA has developed a profitable business in the transport of passengers and cargo from Rome through Athens to Haifa, and has consolidated its position as a friendly carrier for Jewish interests in Palestine. Active negotiations, moreover, are now under way between CSA and the Zionist-controlled and financed Pan African Air Charters (PAAC) with headquarters in Johannesburg, for joint operations of a route from Europe through Haifa to South Africa. An agreement between these aviation interests would benefit CSA's long-range plans.

3. As a measure to defeat expansion of CSA operations, the US, with the cooperation of all friendly European governments, has prevented this airline from acquiring Constellations or other modern four-engine air transports. It must now be considered as a possibility, however, that in an effort to obtain such aircraft to replace obsolescent DC-3's, CSA may call upon PAAC for assistance. PAAC, backed by a group reported to control a sum of 250 million pounds sterling, may succeed where CSA has failed, in obtaining such aircraft needed to implement plans for future long-distance operations. If a joint CSA-PAAC airline should be designated as the official flag carrier of the State of Israel (reportedly under discussion), CSA efforts to obtain modern equipment and extend its air routes would be enhanced. Furthermore, through affiliation with powerful Jewish interests, CSA might participate in the greatly expanded world-wide operations envisaged for the State of Israel by Jewish commercial enterprises.

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